

**East Central Bossier Parish Fire District No. 1
Haughton, Louisiana**

Financial Statements With Auditor's Report

As of and For the Year Ended December 31, 2006

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7-18-07

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana

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Independent Auditors' Report

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana

We have audited the financial statements of the governmental activities and major fund of the East Central Bossier Parish Fire District No. 1, a component unit of the Bossier Parish Police Jury, as of and for the year ended December 31, 2006, which collectively comprise the East Central Bossier Parish Fire District No. 1's basic financial statements, as listed in the table of contents. These basic financial statements are the responsibility of the East Central Bossier Parish Fire District No. 1's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the East Central Bossier Parish Fire District No. 1 as of December 31, 2006 and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 13, 2007, on our consideration of East Central Bossier Parish Fire District No. 1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 2 – 7 and on pages 21 – 22, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



Cook & Morehart
Certified Public Accountants
June 13, 2007

EAST CENTRAL BOSSIER PARISH FIRE DISTRICT NO. 1

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of East Central Bossier Parish Fire District No. 1's financial performance provides an overview of the East Central Bossier Parish Fire District No. 1's financial activities for the fiscal year ended December 31, 2006. Please read it in conjunction with the District's financial statements, which begin on page 8.

FINANCIAL HIGHLIGHTS

The East Central Bossier Parish Fire District No. 1's net assets increased by \$225,238 or 12%.

The East Central Bossier Parish Fire District No. 1's total general revenues were \$772,859 in 2006 compared to \$713,130 in 2005.

During the year ended December 31, 2006, the East Central Bossier Parish Fire District No. 1 had total expenses, excluding depreciation of \$480,635, compared to \$508,206 in 2005.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 8 and 9) provide information about the activities of the East Central Bossier Parish Fire District No. 1 as a whole and present a longer-term view of the District's finances. Fund financial statements start on page 10. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the East Central Bossier Parish Fire District No. 1's operations in more detail than the government-wide statements by providing information about the East Central Bossier Parish Fire District No. 1's most significant funds.

The East Central Bossier Parish Fire District No. 1 was determined to be a component unit of the Bossier Parish Police Jury. The police jury is financially accountable for the district because it appoints or ratifies a voting majority of the board and has the ability to impose its will on them. The accompanying financial statements present information only on the funds maintained by the East Central Bossier Parish Fire District No. 1.

Reporting the East Central Bossier Parish Fire District No. 1 as a Whole

Our analysis of the East Central Bossier Parish Fire District No. 1 as a whole begins on page 8. One of the most important questions asked about the East Central Bossier Parish Fire District No. 1's finances is "Is the East Central Bossier Parish Fire District No. 1 as a

whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the funds maintained by the East Central Bossier Parish Fire District No. 1 as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the East Central Bossier Parish Fire District No. 1's *net assets* and changes in them. You can think of the East Central Bossier Parish Fire District No. 1's net assets – the difference between assets and liabilities – as one way to measure the East Central Bossier Parish Fire District No. 1's financial health, or *financial position*. Over time, *increases* or *decreases* in the East Central Bossier Parish Fire District No. 1's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the District's property tax base, to assess the overall health of the District.

In the Statement of Net Assets and the Statement of Activities, we record the funds maintained by the East Central Bossier Parish Fire District No. 1 as governmental activities:

Governmental activities – all of the expenses paid from the funds maintained by the East Central Bossier Parish Fire District No. 1 are reported here which consists primarily of personal services, materials and supplies, travel, repairs and maintenance and other program services. Ad valorem taxes finance most of these activities.

Reporting the District's Most Significant Funds

Our analysis of the major funds maintained by the East Central Bossier Parish Fire District No. 1 begins on page 10. The fund financial statements begin on page 10 and provide detailed information about the most significant funds maintained by the East Central Bossier Parish Fire District No. 1 – not the East Central Bossier Parish Fire District No. 1 as a whole. The East Central Bossier Parish Fire District No. 1's *governmental funds* use the following accounting approaches:

Governmental funds – All of the East Central Bossier Parish Fire District No. 1's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the East Central Bossier Parish Fire District No. 1's general government operations and the expenses paid from those funds. Governmental fund information helps you determine whether there are

more or fewer financial resources that can be spent in the near future to finance certain East Central Bossier Parish Fire District No. 1 expenses. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* in a reconciliation at the bottom of the fund financial statements.

THE EAST CENTRAL BOSSIER PARISH FIRE DISTRICT NO. 1 AS A WHOLE

The East Central Bossier Parish Fire District No. 1's total net assets changed from a year ago, increasing from \$1,811,266 to \$2,036,504. Our analysis below will focus on key elements of the total governmental funds for both December 31, 2006 and 2005 years.

Table 1
Net Assets

	<u>Governmental Activities</u>	
	<u>2006</u>	<u>2005</u>
Current and other assets	\$ 1,046,481	\$ 941,671
Capital assets	<u>1,027,216</u>	<u>936,720</u>
Total assets	<u>2,073,697</u>	<u>1,878,391</u>
Current liabilities	37,193	67,125
Net assets:		
Investments in capital assets	1,027,216	936,720
Unrestricted	<u>1,009,288</u>	<u>874,546</u>
Total net assets	<u>\$ 2,036,504</u>	<u>\$ 1,811,266</u>

Net assets of the East Central Bossier Parish Fire District No. 1's governmental activities increased by \$225,238 or 12%. Unrestricted net assets, the part of net assets that can be used to finance East Central Bossier Parish Fire District No. 1 expenses without constraints or other legal requirements, increased from \$874,546 at December 31, 2005 to \$1,009,288 at December 31, 2006. The primary reason for the increase was an increase in property taxes.

Table 2
Change in Net Assets

	<u>Governmental Activities</u>	
	<u>2006</u>	<u>2005</u>
Revenues		
Programs Revenues		
Operating grants	\$ 9,000	\$ 13,770
General Revenues		
Ad valorem taxes	669,757	625,651
Intergovernmental	46,378	38,975
Interest income	24,724	13,425
Miscellaneous	<u>32,000</u>	<u>35,079</u>
Total revenues	<u>781,859</u>	<u>726,900</u>
Expenses		
Public safety – fire protection	<u>556,621</u>	<u>579,343</u>
Increase in net assets	<u>\$ 225,238</u>	<u>\$ 147,557</u>

Total revenues increased \$54,959 (8%) from total revenues in the year ended December 31, 2005 of \$726,900 to total revenues of \$781,859 in the year ended December 31, 2006.

The primary reason for this increase was the increase in revenue from property taxes.

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on page 11) reported a fund balance of \$830,632, which is higher than last year's fund balance of \$794,679. The primary reasons for this increase was an increase in property tax revenue.

General Fund Budgetary Highlights

The District adopted a budget for its General Fund for the year ended December 31, 2006. There were no amendments to the budget during the year. The District's budgetary comparison is presented as required supplementary information and shown on page 21. Highlights for the year are as follows:

- The District received two grants in 2006 for the purposes of rescue and communication.
- Expenditures were less than anticipated due to lower payroll and related expenditures.

The District's General Fund balance of \$830,632 reported on page 10 differs from the General Fund's *budgetary* fund balance of \$316,837 reported in the budgetary comparison schedule on page 21. This is primarily due to the District budgeting on the cash basis of accounting.

CAPITAL ASSETS

At the end of December 31, 2006 and 2005, the East Central Bossier Parish Fire District No. 1 had invested \$1,027,216 and \$936,720, respectively, in capital assets. (see table 3 below)

Table 3
Capital Assets At Year End
(Net of Depreciation)

	<u>Governmental Activities</u>	
	<u>2006</u>	<u>2005</u>
Land	\$ 47,500	\$ 47,500
Buildings	254,146	265,357
Equipment	40,424	46,546
Vehicle	664,173	555,140
Building improvements	<u>20,973</u>	<u>22,177</u>
Total	<u>\$ 1,027,216</u>	<u>\$ 936,720</u>

This year's major additions included:

Vehicles	\$ 166,482	\$ 179,432
Equipment	—	5,622
Office renovations	<u>—</u>	<u>8,727</u>
	<u>\$ 166,482</u>	<u>\$ 193,781</u>

More detailed information about the capital assets are presented in Note 4 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The East Central Bossier Parish Fire District No. 1's management considered many factors when setting a fiscal year December 31, 2007 budget. Property tax millage will remain at 19 mills. Amounts available for appropriation are expected to remain approximately the same.

Expenditures for 2007 are expected to increase due to purchase of a fire truck and command vehicle and rising fuel costs.

CONTACTING THE FIRE DISTRICT NO. 1'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the finances for those funds maintained by the East Central Bossier Parish Fire District No. 1 and to show the East Central Bossier Parish Fire District No. 1's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the East Central Bossier Parish Fire District No. 1.

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Statement of Net Assets
December 31, 2006

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 323,850
Receivables - ad valorem	688,426
Prepaid expenses	34,205
Capital assets (net)	<u>1,027,216</u>
Total assets	<u>2,073,697</u>
LIABILITIES	
Accounts payable and accrued expenses	<u>37,193</u>
Total liabilities	<u>37,193</u>
NET ASSETS	
Investment in capital assets	1,027,216
Unrestricted	<u>1,009,288</u>
Total net assets	<u>\$ 2,036,504</u>

See accompanying notes to the basic financial statements.

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Statement of Activities
For the Year Ended December 31, 2006

GOVERNMENTAL ACTIVITIES

Expenses:

General government	\$ 22,726
Public Safety - fire protection	<u>533,895</u>
Total expenses	<u>556,621</u>

Program revenues:

Operating grants	<u>9,000</u>
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Net program expenses	<u>(547,621)</u>
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General revenues:

Ad valorem taxes	669,757
Fire insurance rebate	46,378
Interest Income	24,724
Gain on sale of general capital assets	<u>32,000</u>
Total general revenues	<u>772,859</u>

Change in net assets	225,238
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Net assets - beginning	<u>1,811,266</u>
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Net assets - ending	<u>\$ 2,036,504</u>
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See accompanying notes to the basic financial statements.

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Balance Sheet
Governmental Funds
December 31, 2006

	<u>General Fund</u>
Assets	
Cash and cash equivalents	\$ 323,850
Receivables-ad valorem taxes	688,426
Total assets	<u>\$ 1,012,276</u>
Liabilities	
Accounts payable and accrued expenses	\$ 37,193
Deferred revenue	144,451
Total liabilities	<u>181,644</u>
Fund balances	
Unreserved	830,632
Amounts reported for governmental activities in the statement of activities are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,027,216
The nonallocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources - prepaid insurance	34,205
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.	<u>144,451</u>
Net assets of governmental activities	<u>\$ 2,036,504</u>

See accompanying notes to the basic financial statements.

East Central Bossier Parish Fire District No. 1
 Haughton, Louisiana
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2006

	<u>General Fund</u>
Revenues	
Ad valorem taxes	\$ 573,051
Intergovernmental-fire insurance rebate	46,378
Grant revenues	9,000
Interest income	<u>24,724</u>
Total revenues	<u>853,153</u>
Expenditures	
Current:	
General government	22,726
Public Safety	459,992
Capital outlay	<u>166,482</u>
Total expenditures	<u>649,200</u>
Excess of revenues over expenditures	3,953
Other financing sources:	
Proceeds from sale of capital assets	<u>32,000</u>
Net change in fund balance	35,953
Fund balances at beginning of year	<u>794,679</u>
Fund balances at end of year	<u><u>\$ 830,632</u></u>

See accompanying notes to the basic financial statements.

East Central Bossier Parish Fire District No. 1
 Haughton, Louisiana
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in
 Fund Balances of Governmental Funds to the Statement of Activities
 For the Year Ended December 31, 2006

Net change in fund balances - total governmental funds	\$	35,953
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Amounts reported for governmental activities in the statement of activities
 are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of \$166,482 exceeded depreciation of \$75,986 in the current period.		90,496
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The nonallocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources		2,084
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		96,705
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Change in net assets of governmental activities	\$	225,238
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See accompanying notes to the basic financial statements.

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Notes to Financial Statements
December 31, 2006

INTRODUCTION

The East Central Bossier Parish Fire District No. 1 (the district) was created by the Bossier Parish Police Jury, as authorized by Louisiana Revised Statute (R.S.) 40:1492. The district is governed by a five member board of commissioners appointed by the Bossier Parish Police Jury. The Board of Commissioners received no compensation during 2006. The district is responsible for maintaining and operating fire stations and equipment and providing fire protection within the boundaries of the district.

(1) Summary of Significant Accounting Policies

The East Central Bossier Parish Fire District No. 1's financial statements are prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (*Statements and Interpretations*). The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis for State and Local Governments*, issued in June 1999. The more significant accounting policies established in GAAP and used by the East Central Bossier Parish Fire District No. 1 are discussed below.

A. Reporting Entity

The district is a component unit of the Bossier Parish Police Jury, the financial reporting entity. The police jury is financially accountable for the district because it appoints or ratifies a voting majority of the board and has the ability to impose its will on them.

The accompanying financial statements present information only on the funds maintained by the district and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

B. Basic Financial Statements – Government-Wide Statements

The East Central Bossier Parish Fire District No. 1's basic financial statements include both government-wide (reporting the funds maintained by the East Central Bossier Parish Fire District No. 1 as a whole) and fund financial statements (reporting the East Central Bossier Parish Fire District No. 1's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The East Central Bossier Parish Fire District No. 1's general fund is classified as governmental activities. The East Central Bossier Parish Fire District No. 1 does not have any business-type activities.

In the government-wide Statement of Net Assets, the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables. The East Central Bossier Parish Fire District No. 1's net assets are reported in two parts – invested in capital assets and unrestricted net assets.

(Continued)

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Notes to Financial Statements
December 31, 2006
(Continued)

The government-wide Statement of Activities reports both the gross and net cost of each of the East Central Bossier Parish Fire District No. 1's functions. The functions are supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by any related program revenues, which must be directly associated with the function. The district's program revenues consisted of fire prevention grants. The net costs (by function) are covered by general revenues.

This government-wide focus is more on the sustainability of the East Central Bossier Parish Fire District No. 1 as an entity and the change in the East Central Bossier Parish Fire District No. 1's net assets resulting from the current year's activities.

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the East Central Bossier Parish Fire District No. 1 are recorded in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the East Central Bossier Parish Fire District No. 1:

Governmental Funds – the focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental fund of the East Central Bossier Parish Fire District No. 1:

- a. General fund is the general operating fund of the East Central Bossier Parish Fire District No. 1. It is used to account for all financial resources except those required to be accounted for in another fund.

The emphasis in fund financial statements is on the major funds in the governmental category. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The district's general fund was determined to be a major fund.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

The governmental funds in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

(Continued)

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Notes to Financial Statements
December 31, 2006
(Continued)

Revenues of the East Central Bossier Parish Fire District No. 1 consist principally of property taxes, other intergovernmental revenues, donations, and interest income. Property taxes are recorded in the year in which the taxes are levied. Property taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. Interest income is recorded when earned. Donations and other intergovernmental revenues are recorded when received in cash because they are generally not measurable until actually received.

2. **Modified Accrual:**

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual: i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this rule is that principal and interest on general obligation long-term debt, if any, is recognized when due. Depreciation is not recognized in the governmental fund financial statements.

E. Budgets

The district uses the following budget practices:

1. A preliminary budget for the ensuing year is prepared by the Board of Commissioners prior to December 16 of each year and is made available for public inspection.
2. After completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution.
3. All budgetary appropriations lapse at the end of each fiscal year.
4. The budget is established and controlled by the Board of Commissioners at the object level of expenditure. All changes in the budget must be approved by the board.
5. The budget is adopted on a cash basis for all funds. There were no amendments to the 2006 budget.

F. Cash, Cash Equivalents, and Investments

Cash includes amounts in petty cash, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the district may deposit funds in demand deposits, interest-bearing demand deposits, or money market accounts with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

(Continued)

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Notes to Financial Statements
December 31, 2006
(Continued)

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are carried at cost, which approximates market.

G. Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	12 – 40 years
Vehicles	15 years
Equipment	10 – 23 years

H. Compensated Absences

Full-time employees of the district earn five days of vacation leave each year. Vacation and sick leave do not accumulate.

At December 31, 2006, there were no employee leave benefits requiring recognition. The cost of leave privileges is recognized as a current-year expenditure when leave is actually taken.

I. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

J. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide financial statements.

K. Deferred Revenue

Deferred revenues arise when assets are recognized before the revenue recognition criteria have been satisfied. On governmental fund financial statements, receivables that were not collected within the available period are recorded as deferred revenue.

(Continued)

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Notes to Financial Statements
December 31, 2006
(Continued)

L. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, consist of capital assets net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted by the district or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. It is the policy of the District to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

(2) Levied Taxes

The following is a summary of authorized and levied ad valorem taxes:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
Operating	19.00	19.00	2008

(3) Cash and Cash Equivalents

The District had cash and cash equivalents at December 31, 2006 (book balances) totaling \$323,850 in interest bearing demand deposits and a brokerage account. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. At December 31, 2006, the district had \$13,754 in demand deposits (collected bank balances). These deposits are entirely secured from risk by federal deposit insurance.

At December 31, 2006, the District had \$322,881 in a brokerage account which consists of money market funds which are backed by U.S. government securities or repurchase agreements backed by U.S. government securities.

(Continued)

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Notes to Financial Statements
December 31, 2006
(Continued)

(4) Capital Assets

Capital asset activity for the year ended December 31, 2006, was as follows:

	Balance at Jan. 1, 2006	Additions	Deletions	Balance at Dec. 31, 2006
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 47,500	\$ —	\$ —	\$ 47,500
Total capital assets, not being depreciated	<u>47,500</u>	<u>—</u>	<u>—</u>	<u>47,500</u>
Capital assets, being depreciated:				
Buildings	378,249	—	—	378,249
Equipment	91,090	—	—	91,090
Vehicles	1,141,862	166,482	(118,942)	1,189,402
Building Improvements	24,083	—	—	24,083
Total capital assets, being depreciated at historical cost	<u>1,635,284</u>	<u>166,482</u>	<u>(118,942)</u>	<u>1,682,824</u>
Less accumulated depreciation:				
Buildings	(112,892)	(11,211)	—	(124,103)
Equipment	(44,544)	(6,122)	—	(50,666)
Vehicles	(586,722)	(57,449)	118,942	(525,229)
Building Improvements	(1,906)	(1,204)	—	(3,110)
Total accumulated depreciation	<u>(746,064)</u>	<u>(75,986)</u>	<u>118,942</u>	<u>(703,108)</u>
Total capital assets, being depreciated, net	<u>889,220</u>	<u>90,496</u>	<u>—</u>	<u>979,716</u>
Governmental activities capital assets, net	<u>\$ 936,720</u>	<u>\$ 90,496</u>	<u>\$ —</u>	<u>\$ 1,027,216</u>

Depreciation expense for the year ended December 31, 2006, was \$75,986.

(Continued)

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Notes to Financial Statements
December 31, 2006
(Continued)

(5) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at December 31, 2006, consisted of the following:

Salaries and benefits	\$ 2,741
Payroll taxes payable	7,013
Accounts	<u>27,439</u>
	<u>\$ 37,193</u>

(6) Pension Plan

Certain employees of the District are members of the Louisiana Firefighters Retirement System (System), a cost-sharing multi-employer, defined benefit pension plan administered by a separate board of trustees. Membership in the Louisiana Firefighters Retirement System is mandatory for all full-time firefighters employed by a municipality, parish, or fire protection district that did not enact an ordinance prior to January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to three and one-third per cent of their final-average salary for each year of credible service, not to exceed 100 percent of their final average salary. Final-average salary is the employee's average salary over the 36 consecutive months or joined months that produce the highest average. Employees who terminate with at least 12 years of service, and who do not withdraw their employee contributions, may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the Firefighters' Retirement System, Post Office Box 94095, Baton Rouge, Louisiana 70804, or by calling (504) 925-4060.

Plan members are required by state statute to contribute 8.0 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. Contribution rates were 18% for January through June, 2006, and 15.5% for July through December, 2006. The contribution requirements of plan members and the District are established and may be amended by state statute.

As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The District's contributions to the System for the years ending December 31, 2006, 2005, and 2004 were \$20,696, \$25,595, and \$32,733, respectively.

Other employees of the district who are not eligible to participate in the Firefighters' Retirement System are members of the Social Security System.

(Continued)

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Notes to Financial Statements
December 31, 2006
(Continued)

(7) Risk Management

The District purchases commercial insurance to provide workers compensation coverage and general liability and property insurance. There were no significant reductions in insurance coverage from the prior year.

(8) Leases

For the year ended December 31, 2006, the district had an operating lease on equipment that is utilized by the district. Lease payments on this lease for the year ended December 31, 2006 were \$1,919. Also, in a lease agreement dated April 18, 2005, the East Central Bossier Parish Fire District No. 1 agreed to lease driveway access to the central station from local property owners. The lease terms state that \$6,000 is to be paid during both 2005 and 2006. The district paid \$6,000 in 2006 and 2005. The minimum annual commitments under noncancelable leases are as follows:

Year Ending December 31,	
2007	\$ 1,920
2008	1,920
2009	641
	<u>\$ 4,481</u>

(9) Subsequent Event

The District plans to purchase a new fire truck in 2007 at a cost of approximately \$165,000.

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Cash Basis) and Actual
General Fund
For the Year Ended December 31, 2006

	Budgeted Amounts Original & Final	Actual Amounts (Budgetary Basis)	Variance- Favorable (Unfavorable)
Revenues			
Ad valorem taxes	\$ 625,256	\$ 637,758	\$ 12,502
Intergovernmental-fire insurance rebate	40,000	46,378	6,378
Grant revenues		9,000	9,000
Donations and other income	200		(200)
Interest income	10,000	24,724	14,724
Total revenues	675,456	717,860	42,404
Expenditures			
Current:			
General government	22,000	21,733	267
Public Safety	700,979	465,827	235,152
Capital outlay	170,400	188,432	(18,032)
Total expenditures	893,379	673,992	219,387
Other financing sources (uses):			
Sale of capital assets		32,000	32,000
Net change in fund balance	(217,923)	75,868	293,791
Fund balances at beginning of year	217,923	240,969	23,046
Fund balances at end of year	\$	\$ 316,837	\$ 316,837

The accompanying notes are an integral part of this statement.

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Notes to Required Supplementary Information
December 31, 2006

The District's budget is adopted on a cash basis for all funds. There were no amendments to the 2006 budget. Budget comparison statements included in the accompanying financial statements include the original and adopted budget. The schedule below reconciles excess (deficiency) of revenues and other sources over expenditures and other uses on the budget basis with GAAP basis:

	<u>General Fund</u>
Excess of revenues and other sources over expenditures and other uses (budget basis)	\$ 75,868
Adjustments:	
Revenue accruals – net	(64,707)
Expenditure accruals – net	<u>24,792</u>
Excess of revenues and other sources over expenditures and other uses (GAAP basis)	<u>\$ 35,953</u>

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Board of Commissioners
East Central Bossier Parish Fire District No. 1

We have audited the financial statements of the governmental activities and major fund of the East Central Bossier Parish Fire District No. 1 as of and for the year ended December 31, 2006, which collectively comprise the East Central Bossier Parish Fire District No. 1's basic financial statements, and have issued our report thereon dated June 13, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered East Central Bossier Parish Fire District No. 1's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of East Central Bossier Parish Fire District No. 1's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of East Central Bossier Parish Fire District No. 1's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects East Central Bossier Parish Fire District No. 1's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of East Central Bossier Parish Fire District No. 1's financial statements that is more than inconsequential will not be prevented or detected by East Central Bossier Parish Fire District No. 1's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Item 2006-1 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by East Central Bossier Parish Fire District No. 1's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether East Central Bossier Parish Fire District No. 1's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

East Central Bossier Parish Fire District No. 1's response to the finding identified in our audit is described in the accompanying summary schedule of audit findings. We did not audit East Central Bossier Parish Fire District No. 1's response and accordingly, we express no opinion on it.

This report is intended solely for the information and use of management and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.



Cook & Morehart
Certified Public Accountants
June 13, 2007

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Summary Schedule of Audit Findings
December 31, 2006

Summary Schedule of Prior Audit Findings

There were no findings or management letter comments for the prior year audit for the year ended December 31, 2005.

Corrective Action Plan for Current Year Audit Findings

There are no management letter comments for the current year audit for the year ended December 31, 2006. There is one significant deficiency for the current year audit for the year ended December 31, 2006, as follows:

2006-1 Financial Statement Preparation

Condition: As is common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting journal entries and to prepare the District's annual financial statements. This condition is intentional by management based upon the District's financial complexity, along with the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been established. Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls.

Recently issued Statement on Auditing Standards (SAS) 112 requires that we report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that are adequately mitigated with nonaudit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

Recommendation: As mentioned above, whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 112's reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies an auditor reports under SAS 112. In this case we do not believe that curing the significant deficiency described above would be cost effective or practical and accordingly do not believe any corrective action is necessary.

Management's Response: We agree with the auditor's finding and recommendation.